

VZCZCXYZ0016
RR RUEHWEB

DE RUEHPL #0722/01 3331309
ZNR UUUUU ZZH
R 291309Z NOV 06
FM AMEMBASSY PORT LOUIS
TO RUEHC/SECSTATE WASHDC 2809
INFO RUEHDS/AMEMBASSY ADDIS ABABA 0975
RUEHBJ/AMEMBASSY BEIJING 0227
RUEHLO/AMEMBASSY LONDON 0286
RUEHSA/AMEMBASSY PRETORIA 2267
RUEATRS/DEPT OF TREASURY WASHDC
RUEHBS/USEU BRUSSELS

UNCLAS PORT LOUIS 000722

SIPDIS

SIPDIS

STATE FOR AF/EPS AND EB/CIP/BA

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [EFIN](#) [EINT](#) [EINV](#) [PINR](#) [MP](#)

SUBJECT: MAURITIUS - NOVEMBER ECONOMIC ROUNDUP

SUMMARY

- Mauritius Joins the EASSy Cable System
- Mauritian ICT Authority Lowers Internet Tariffs
- Depreciation of the Rupee Concerns Importers
- Increase in Steel Price Results in Allegations Against Commerce Minister
- Chinese Investment Mission Pledges Creation of Jobs

End summary.

Mauritius Joins the EASSy Cable

¶1. Mauritius joined the East Africa Submarine Cable System (EASSy), the fiber-optic undersea cable which will connect more than 20 African nations from South Africa to Sudan, as part of a wider plan to turn the country into a key Indian Ocean IT hub. The GOM Minister of Information Technology and Telecommunications Etienne Sinatambou signed an agreement committing to the EASSy Cable in the presence of Dr. Edmund Katiti, an African Union representative and Advisor to the E-Africa commission of Nepad, on November 22. Mauritius will be the tenth of 23 eligible countries to sign onto the project.

¶2. The pairing of the EASSy cable and the South Africa Far East (SAFE) cable, an optical fiber submarine cable which includes Mauritius and ranges from South Africa to Malaysia, will improve Mauritius' telecommunication links with the rest of the world. Having access to two independent systems will increase the available volume of data that can be transmitted and should lower telecom costs. The two cables will also serve as back-ups systems to each other in case of a breakdown in one of the two links.

¶3. The GOM will call on Mauritian enterprises to contribute up to Rs 66 million (approx. USD 2 million) to become shareholders in the project, which is estimated at a total cost of USD 3 billion. The British government and the European Union will provide technical assistance in Mauritius.

Mauritian ICT Authority Lowers Internet Tariffs

¶4. The Mauritian Information and Communications Technologies Authority reduced wholesale ADSL tariffs offered by Mauritius Telecom by an average of 26 percent on November 24. A 512 kbps connection was reduced from Rs 780 (approx. 24 USD) to Rs 535 per (approx. 17 USD) per month. The changes were made to promote broadband Internet access in Mauritius as Mauritius seeks to be a

base for IT in the Indian Ocean.

Depreciation of the Rupee Concerns Importers

¶15. The recent depreciation of the Mauritian rupee concern Mauritian importers. Against the pound sterling, the U.S. dollar, and the Euro, the Mauritian rupee has depreciated 23.1, 8.3, and 22 percent respectively, between January and November 2006. Larger importers have approached the GOM and the Bank of Mauritius, demanding urgent measures to stop the depreciation. Retailers claim that if the GOM does not take action, the prices of basic commodities, some of which are controlled by the GOM, will have to rise substantially.

Steel Price Increase Leads to Criticism of Commerce Minister

¶16. The GOM raised the price of iron bars, which are controlled by the government, by 20 percent on November 18. Iron bars manufacturers had requested an increase of up to 37 percent due to a rise in the cost of inputs and changes in the exchange rate with the dollar. On November 1, Desbro Ltd, the main manufacturer of iron bars, stopped production in response to a deadlock in negotiations with the Ministry of Commerce. A number of large construction sites, which had to slow down their projects, complained through the Building and Civil Engineering Contractors Association (BACECA) and the Joint Economic Committee (JEC). JEC warned that the slow-down would affect economic growth and employment and stated that maintaining control of prices is not compatible with the government's reform program

¶17. Desbro Ltd resumed production on November 23, after the Ministry agreed to have the Mauritius Audit Bureau (MAB) study and report on the increase in imported raw materials. The Opposition demanded the resignation of Minister of Commerce and Industry Rajesh Jeetah due to the following: (i) Murray and Roberts (South African company) and its local partner Lam Po Tang, which import iron bars, had asked for a 17 percent increase. They received 20 percent, arousing suspicions Minister Jeetah had a special agreement with the firm; (ii) Murray & Roberts will benefit from windfall gains (estimated at Rs 16 million or USD 500,000) due to its existing stock of 3,000 tons. Minister Jeetah responded the company will be asked to sell their existing stock at the old price; (iii) Minister Jeetah could not confirm that the 20 percent increase is final. He stated that the MAB report will make the final determination.

Chinese Investment Mission Pledges Creation of Jobs

¶18. A group of Chinese investors visited Mauritius during the week of November 21. Approximately two weeks after the China-Africa Summit, the first Chinese delegation of businessmen from Shanxi province said they would create 7500 jobs in Mauritius within five years. The group discussed the development of an industrial park in Riche-Terre, a project which would cost about USD 300 million. Yang Yushan, the head of the Chinese delegation, said the project would target markets in Africa, Europe, and the U.S. The delegation also visited a spinning mill, and met with Minister Jeetah and members of the Mauritian Board of Investment. In 2007, delegations from various Chinese provinces are also expected in Mauritius.

CABRERA